

Today's Commentary

The theme yesterday appeared to be yet another risk off, as equities tumbled worldwide while US treasuries rose. The bearish day was fuelled by fears of a further Chinese slowdown, sparked by Alcoa cutting their aluminum forecasts. Aluminum dropped over 2% on the day. The S&P 500 and Dow lost 0.62% and 0.95%, while the S&P/TSX fell by 0.5%. Energy stocks were first to the slaughter yesterday, losing a percent due to falling energy prices. Crude prices remained as volatile as ever, rising 1.4% early in the day, but losing 1.2% later on. The Canadian dollar lost ground against the US dollar yesterday due to the reduction in global demand forecasts – the loonie is tied to commodity prices due to Canada's dependence on raw materials exports. While the Canadian dollar fell, the US dollar also rose as investors flocked to the bulletproof safety of US treasuries. The 10 year yield on US government debt fell to 1.67% from a peak of 1.75%. The loonie now buys \$1.085 USD.

US Initial Jobless Claims fell by 30,000 last week, coming in well below expectations. The forecast called for 370,000 compared to an actual release of 339,000, which is the lowest since February of 2008. This appears to be a bright spot amid a cooling global economy. Scott Brown, chief economist at Raymond James & Associates remarked that "Job destruction is not really the problem. It's been the relatively weak pace of new hiring". Stock futures advanced on the release, while US treasuries fell.

The Canadian Trade deficit fell to \$1.3 billion in August from \$2.5 billion in July. Both imports and exports fell. In contrast, the US trade deficit widened for the US in August to \$44.2 billion from \$42.5 billion in July. Both imports and exports fell for the US as well, hinting at a reduction in global trade. Exports to Europe declined for both Canada and the US, as European demand continues to decline due to debt induced economic woes.

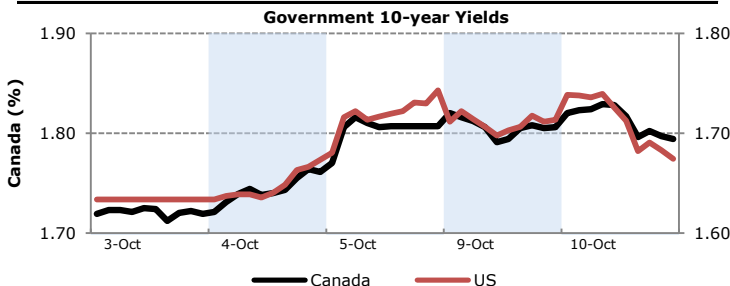
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

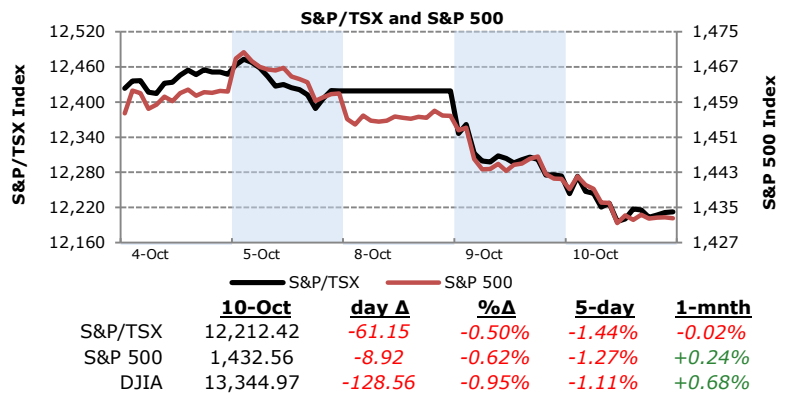
| United States | Period | Survey | Actual | Prior |
|------------------------|--------|--------|--------|-------|
| Continuing Claims | 29-Sep | 3275K | 3273K | 3281K |
| Initial Jobless Claims | 6-Oct | 370K | 339K | 367K |
| Trade Balance | 31-Aug | -44B | -44.2B | -42B |

| Canada | Period | Survey | Actual | Prior |
|----------------|--------|--------|--------|-------|
| None Scheduled | | | | |

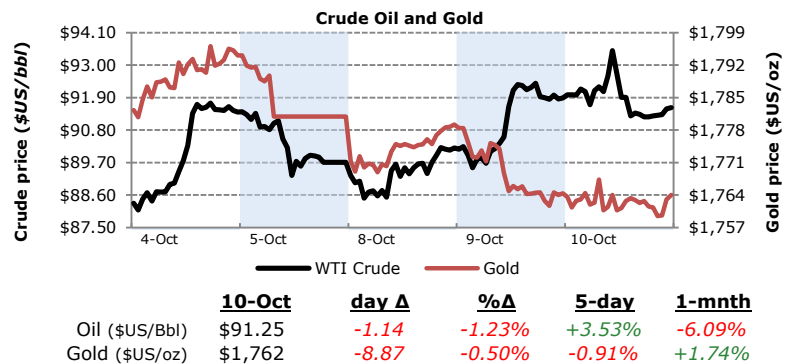
Interest Rates



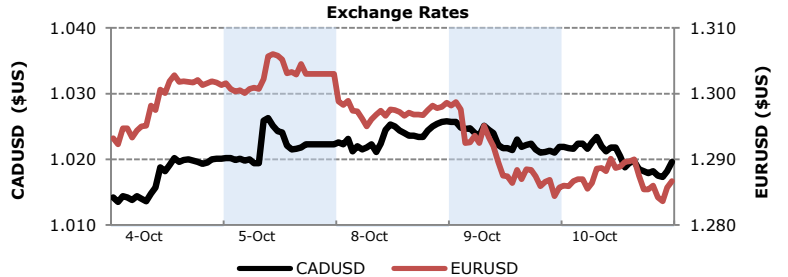
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

| Spot | 10-Oct | day Δ | Historical levels | | |
|--------|---------|--------|-------------------|---------|---------|
| | | | -5 days | -1 mnth | -1 year |
| USDCAD | \$0.978 | +0.001 | 0.987 | 0.974 | 1.016 |
| EURUSD | \$1.286 | -0.006 | 1.291 | 1.280 | 1.381 |
| USDJPY | ¥78.31 | +0.060 | 78.230 | 78.03 | 76.83 |

| | Government 10-year Yields | | Historical levels | | |
|---------------|---------------------------|---------|-------------------|----------|---------|
| | 10-Oct | day Δ | -1 mnth | -3 mnths | -1 year |
| Canada | 1.79% | -0.012% | 1.83% | 1.63% | 2.30% |
| United States | 1.67% | -0.039% | 1.65% | 1.47% | 2.15% |

Master of Financial Economics Program

The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory is based. Students follow a three-term, 16-month program, with 12 one-term courses and a four-month summer internship. For more information on the program and its students please see the website below.

<http://www.economics.utoronto.ca/index.php/index/mfe/>



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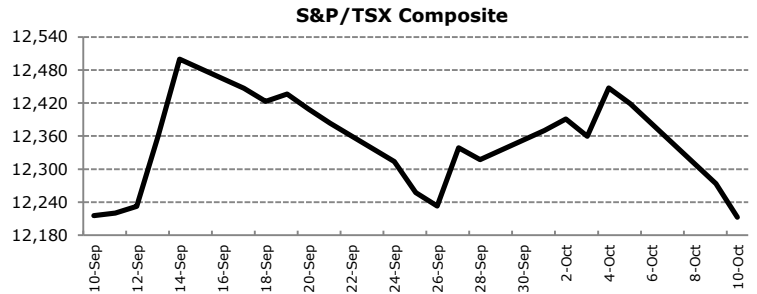
Rotman Finance Association



The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotman.utoronto.ca/financeassociation>

| | 10-Oct | day Δ | %Δ |
|--------------------|---------------|--------------|-----------|
| S&P/TSX | 12,212.42 | -61.15 | -0.50% |
| Trailing | | | |
| S&P/TSX | | | |
| 5-day | | -1.44% | -1.51% |
| 1-month | | -0.02% | -0.39% |
| 3-months | | +6.08% | +5.94% |
| 6-months | | +2.32% | +2.48% |
| 12-months | | +5.39% | +4.74% |



TSX Sector Returns

| | 1-day | 5-day | 1-mnth | 12-mnths |
|------------------|--------------|--------------|---------------|-----------------|
| C. Discretionary | -0.66% | -1.56% | -0.69% | +10.87% |
| C. Staples | +0.33% | +0.34% | -1.03% | +16.12% |
| Energy | -0.99% | -2.84% | -1.99% | +5.65% |
| Financials | -0.63% | -0.56% | +0.20% | +7.25% |
| Healthcare | -0.59% | -1.21% | -0.02% | +24.77% |
| Info Tech | -0.60% | -3.18% | -1.53% | -12.11% |
| Industrials | -0.66% | -0.44% | +0.25% | +18.63% |
| Materials | +0.10% | -2.16% | +3.47% | -7.10% |
| Metals & Mining | -0.82% | +0.43% | -1.84% | -3.32% |
| Telecom | +0.00% | -0.16% | -0.67% | +12.36% |
| Utilities | -0.47% | -1.09% | +1.41% | -0.12% |

TSX Top Performers

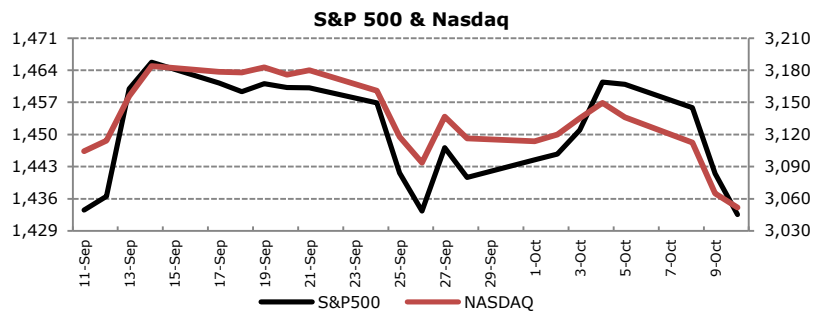
| | Ranked by 1-day | 1-day | 5-day | 1-mnth | 12-mnths |
|--------------------------|------------------------|--------------|--------------|---------------|-----------------|
| Aurico Gold Inc | | +21.41% | +12.59% | +29.25% | -28.37% |
| Centerra Gold Inc | | +5.09% | -0.32% | +56.71% | -37.16% |
| Alimentation Couche-Tard | | +3.03% | +8.86% | -1.14% | +65.98% |
| Rubicon Minerals Corp | | +2.85% | -0.82% | -0.82% | +3.14% |
| Uranium One Inc | | +2.78% | -2.20% | -13.28% | +3.74% |

TSX Worst Performers

| | Ranked by 1-day | 1-day | 5-day | 1-mnth | 12-mnths |
|---------------------------|------------------------|--------------|--------------|---------------|-----------------|
| Niko Resources Ltd | | -8.46% | -5.74% | +4.92% | -66.82% |
| Semafo Inc | | -4.43% | -8.28% | -1.20% | -48.56% |
| Finning International Inc | | -4.38% | -4.27% | -1.28% | +11.96% |
| Advantage Oil & Gas Ltd | | -4.29% | -4.77% | +8.29% | -17.25% |
| Celestica Inc | | -3.77% | -5.42% | -11.13% | -21.91% |

US Indices

| | S&P 500 | DJIA | Nasdaq |
|-----------|--------------------|-------------|---------------|
| Trailing | | | |
| 10-Oct | 1,432.56 | 13,344.97 | 3,051.78 |
| 1-day | -0.62% | -0.95% | -0.43% |
| 5-day | -1.27% | -1.11% | -2.66% |
| 1-month | +0.24% | +0.68% | -1.68% |
| 3-months | +6.79% | +5.47% | +5.15% |
| 6-months | +5.44% | +4.95% | +2.02% |
| 12-months | +19.89% | +16.72% | +18.93% |



S&P 500 Sector Returns

| | 1-day | 5-day | 1-mnth | 12-mnths |
|------------------|--------------|--------------|---------------|-----------------|
| C. Discretionary | -0.68% | -1.31% | -0.22% | +23.79% |
| C. Staples | -0.41% | -0.83% | +0.93% | +17.79% |
| Energy | -1.79% | -0.80% | -0.25% | +13.65% |
| Financials | +0.07% | +0.67% | +2.78% | +28.32% |
| Healthcare | -0.74% | -1.30% | +2.74% | +23.64% |
| Info Tech | -0.40% | -3.31% | -2.56% | +18.68% |
| Industrials | -0.83% | -1.43% | -0.33% | +17.19% |
| Materials | -0.99% | -0.48% | -0.93% | +12.72% |
| Telecom | -0.39% | -2.22% | +0.33% | +26.14% |
| Utilities | -0.26% | +0.17% | +1.12% | +7.73% |

DJIA Top Performers

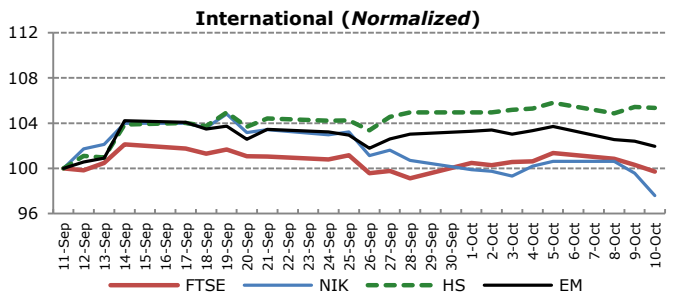
| | Ranked by 1-day | 1-day | 5-day | 1-mnth | 12-mnths |
|---------------------|------------------------|--------------|--------------|---------------|-----------------|
| Wal-Mart Stores Inc | | +1.73% | +1.64% | +2.17% | +37.83% |
| Jpmorgan Chase & Co | | +0.94% | +2.23% | +6.28% | +29.32% |
| Mcdonald'S Corp | | +0.31% | +2.27% | +1.52% | +3.43% |

DJIA Worst Performers

| | Ranked by 1-day | 1-day | 5-day | 1-mnth | 12-mnths |
|-------------------|------------------------|--------------|--------------|---------------|-----------------|
| Alcoa Inc | | -4.60% | -0.80% | -4.29% | -15.44% |
| Chevron Corp | | -4.18% | -3.18% | -1.36% | +15.22% |
| Cisco Systems Inc | | -2.61% | -3.30% | -6.39% | +7.77% |

International Markets

| | FTSE 100 | Nikkei | Hang Seng | MSCI EM |
|------------|-----------------|---------------|------------------|----------------|
| Trailing | | | | |
| Last Close | 5,776.71 | 8,596.23 | 20,919.60 | 992.09 |
| 1-day | -0.58% | -1.98% | -0.08% | -0.45% |
| 5-day | -0.84% | -2.16% | +0.15% | -1.04% |
| 1-month | -0.28% | -3.08% | +5.51% | +2.28% |
| 3-months | +1.99% | -2.95% | +7.85% | +6.19% |
| 6-months | +3.24% | -9.87% | +2.77% | -2.37% |
| 12-months | +7.00% | -0.11% | +18.12% | +10.44% |



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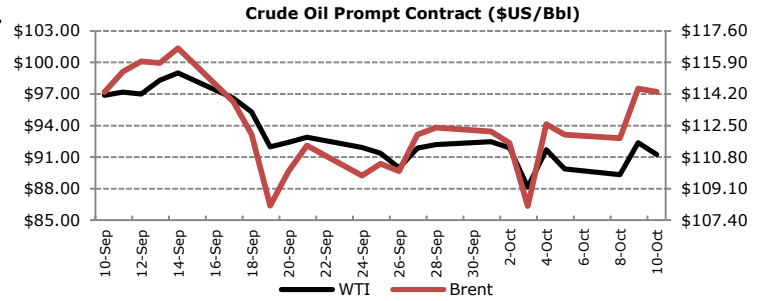
Nymex WTI Crude Oil

| (\$US/Bbl) | 10-Oct | day Δ | %Δ | 5-day | 1-mnth |
|------------|---------|---------|--------|--------|--------|
| Prompt | \$91.25 | -\$1.14 | -1.23% | +3.53% | -6.09% |
| Cal 13 | \$93.30 | -\$0.96 | -1.02% | +3.65% | -3.79% |
| Cal 14 | \$91.63 | -\$0.67 | -0.72% | +3.18% | -1.79% |

| (\$US/bbl) | Q1-13 | Q2-13 | Q3-13 | Q4-13 | 2014 |
|--------------------|---------|---------|----------|----------|----------|
| Consensus Forecast | \$97.50 | \$99.50 | \$100.50 | \$100.50 | \$101.00 |
| Current Forward | \$92.56 | \$93.51 | \$93.69 | \$93.43 | \$91.63 |

Inventory Levels (as of Sep-28)

| (MMbbls) | Current | Week Δ | Last Yr | 5 Yr. Avg |
|-------------|---------|--------|---------|-----------|
| Crude Oil | 364,698 | -482 | 337,426 | 319,411 |
| Motor Gas | 195,942 | +114 | 214,389 | 200,481 |
| Distillates | 124,059 | -3,689 | 171,756 | 140,851 |



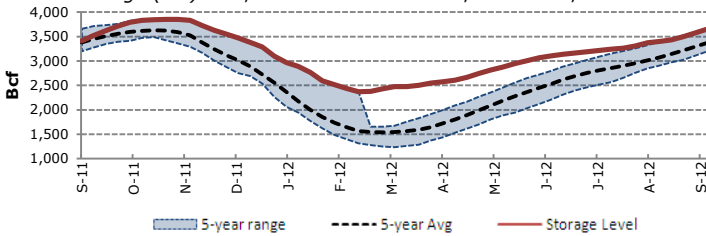
UK Brent Crude Oil

| (\$US/Bbl) | 10-Oct | day Δ | %Δ | 5-day | 1-mnth |
|------------|----------|---------|--------|--------|--------|
| Prompt | \$114.33 | -\$0.17 | -0.15% | +5.69% | -0.93% |

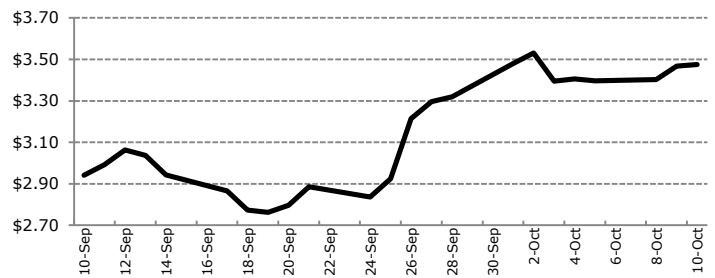
Nymex Natural Gas

| (\$US/MMbtu) | 10-Oct | day Δ | %Δ | 5-day | 1-mnth |
|--------------|--------|---------|--------|--------|---------|
| Prompt | \$3.48 | +\$0.01 | +0.23% | +2.36% | +16.14% |
| Nov12-Mar13 | \$3.80 | +\$0.01 | +0.21% | +3.07% | +22.11% |
| Apr13-Oct13 | \$3.95 | -\$0.00 | -0.05% | +3.25% | +18.63% |
| Nov13-Mar14 | \$4.30 | -\$0.01 | -0.14% | +2.72% | +15.20% |
| Apr14-Oct14 | \$4.19 | -\$0.01 | -0.28% | +2.16% | +13.73% |

| Inventory Levels (as of Sep-28) | Current | Week Δ | Last Yr | 5 Yr. Avg |
|---------------------------------|---------|--------|---------|-----------|
| US Storage (Bcf) | 3,653 | +77 | 3,409 | 3,372 |



Nat Gas Prompt (\$US/MMbtu)



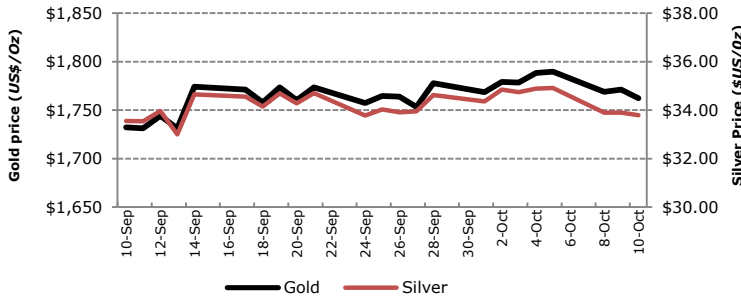
Alberta Natural Gas

| (\$CAD/GJ) | 10-Oct | day Δ | %Δ |
|-------------|--------|---------|-------|
| AECO Nov-12 | \$3.03 | +\$0.01 | +0.3% |

Precious Metals

| \$US/oz | 10-Oct | day Δ | %Δ | 5-day | 1-mnth | 3-mnth |
|----------|------------|----------|-------|-------|--------|--------|
| Gold | \$1,762.38 | -\$8.87 | -0.5% | -0.9% | +1.7% | +12.7% |
| Silver | \$33.79 | -\$0.11 | -0.3% | -2.7% | +0.7% | +26.5% |
| Platinum | \$1,667 | -\$27.47 | -1.6% | -1.2% | +4.5% | +18.2% |

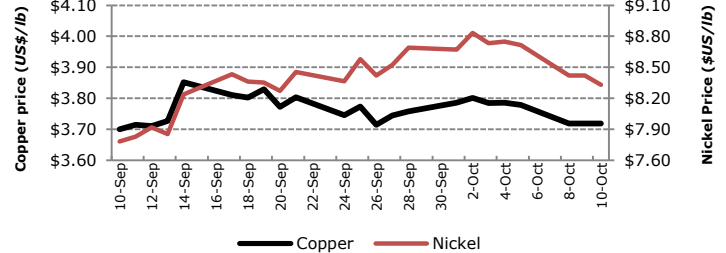
Gold and Silver



Industrial Metals

| \$US/lb | 10-Oct | day Δ | %Δ | 5-day | 1-mnth | 3-mnth |
|----------|---------|---------|-------|-------|--------|--------|
| Copper | \$3.72 | +\$0.00 | 0.0% | -1.7% | +0.5% | +9.0% |
| Nickel | \$8.33 | -\$0.09 | -1.1% | -4.6% | +7.1% | +12.4% |
| Zinc | \$0.96 | -\$0.02 | -2.2% | -4.7% | -0.5% | +6.0% |
| Aluminum | \$0.91 | -\$0.02 | -2.2% | -3.2% | -1.1% | +9.6% |
| Uranium | \$44.40 | -\$0.60 | -1.3% | -3.3% | -7.5% | -12.1% |

Copper and Nickel



Agriculture & Other

| | 10-Oct | day Δ | %Δ | 5-day | 1-mnth |
|-----------------------|----------|---------|-------|-------|--------|
| Corn (\$US/bu) | \$7.37 | -\$0.05 | -0.7% | -2.6% | -5.9% |
| Wheat (\$US/bu) | \$8.70 | +\$0.05 | +0.6% | -0.4% | -2.2% |
| Soybeans (\$US/bu) | \$15.23 | -\$0.27 | -1.7% | -0.6% | -11.4% |
| Rough Rice (\$US/cwt) | \$15.03 | -\$0.21 | -1.3% | -1.4% | +1.7% |
| Sugar #11 (¢US/lb) | ¢21.26 | ¢0.21 | +1.0% | +1.5% | +5.8% |
| Lean Hogs (¢US/lb) | ¢78.10 | ¢1.30 | +1.7% | +2.9% | +9.1% |
| Live Cattle (¢US/lb) | ¢126.58 | ¢0.15 | +0.1% | +0.4% | -2.0% |
| Cotton No.2 (\$US/lb) | \$0.72 | +\$0.00 | +0.4% | -0.1% | -4.7% |
| Lumber (\$US/Mbft) | \$277.60 | +\$4.80 | +1.8% | +0.0% | +1.6% |

Commodity ETFs

| \$CAD | 10-Oct | day Δ | %Δ | 5-day | 1-mnth |
|-----------------|---------|---------|-------|-------|--------|
| HBP Crude Oil U | \$4.60 | -\$0.07 | -1.5% | -1.1% | -11.4% |
| HBP Nat Gas U | \$16.92 | -\$0.01 | -0.1% | -2.4% | +35.4% |
| HBP Comex Gold | \$17.61 | +\$0.00 | +0.0% | -0.9% | +2.2% |

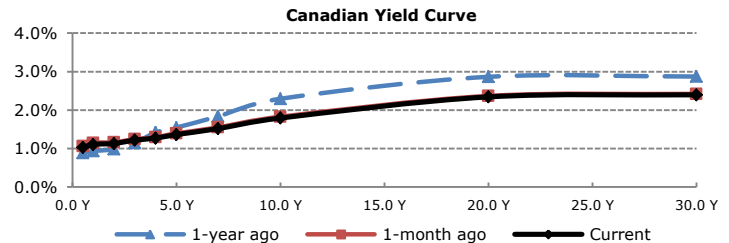
| \$USD | 10-Oct | day Δ | %Δ | 5-day | 1-mnth |
|------------------|---------|---------|-------|-------|--------|
| US Crude Oil | \$33.84 | -\$0.34 | -1.0% | +3.8% | -5.6% |
| US Nat Gas | \$22.32 | -\$0.04 | -0.2% | +1.5% | +17.2% |
| PSDB Agriculture | \$29.04 | -\$0.14 | -0.5% | -1.3% | -4.1% |
| PSDB Base Metals | \$19.00 | -\$0.26 | -1.3% | -3.5% | -1.4% |

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Interest Rates

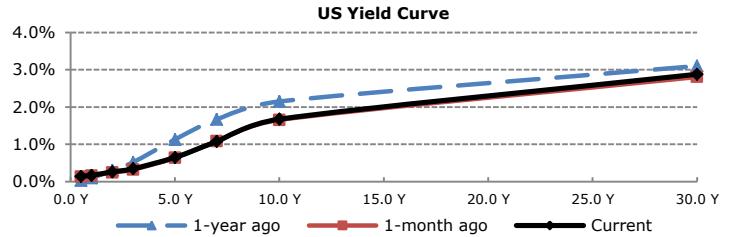
Canadian yield curve

| | 10-Oct | day Δ | Historical Levels | | |
|---------|--------|--------|-------------------|----------|---------|
| | | | -1 mnth | -3 mnths | -1 year |
| 3-mnth | 0.98% | - | 1.01% | 0.87% | 0.86% |
| 6-mnth | 1.03% | - | 1.06% | 0.92% | 0.89% |
| 12-mnth | 1.11% | - | 1.15% | 0.94% | 0.94% |
| 2-year | 1.13% | -0.00% | 1.16% | 0.97% | 0.99% |
| 5-year | 1.37% | -0.00% | 1.40% | 1.17% | 1.55% |
| 10-year | 1.79% | -0.01% | 1.83% | 1.63% | 2.30% |
| 20-year | 2.34% | -0.01% | 2.37% | 2.21% | 2.87% |
| 30-year | 2.40% | -0.01% | 2.42% | 2.25% | 2.87% |

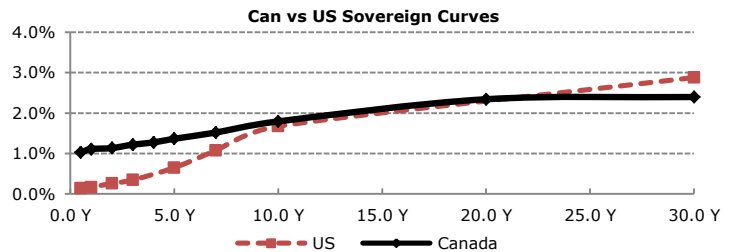
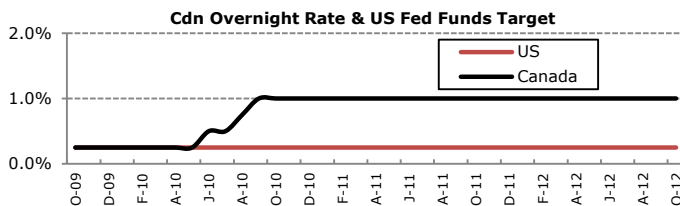


US yield curve

| | 10-Oct | day Δ | Historical Levels | | |
|---------|--------|--------|-------------------|----------|---------|
| | | | -1 mnth | -3 mnths | -1 year |
| 3-mnth | 0.10% | +0.00% | 0.10% | 0.10% | 0.00% |
| 6-mnth | 0.14% | +0.00% | 0.13% | 0.14% | 0.03% |
| 12-mnth | 0.17% | +0.01% | 0.16% | 0.18% | 0.10% |
| 2-year | 0.26% | +0.00% | 0.25% | 0.25% | 0.30% |
| 5-year | 0.65% | -0.01% | 0.64% | 0.62% | 1.13% |
| 10-year | 1.67% | -0.04% | 1.65% | 1.47% | 2.15% |
| 30-year | 2.88% | -0.05% | 2.81% | 2.56% | 3.10% |



| | Current | Prior | Next Meeting | Survey |
|---------------|---------|-------|--------------|--------|
| Cdn Overnight | 1.00% | 1.00% | 23-Oct-12 | 1.00% |
| US Fed Funds | 0.25% | 0.25% | 23-Oct-12 | 0.25% |



Foreign Exchange

(USDCAD implies 1-USD to CAD)

| Spot | 10-Oct | day Δ | Historical Levels | | |
|--------|---------|--------|-------------------|----------|---------|
| | | | -1 mnth | -3 mnths | -1 year |
| USDCAD | \$0.978 | +0.001 | 0.974 | 1.024 | 1.016 |
| EURUSD | \$1.286 | -0.006 | 1.280 | 1.219 | 1.381 |
| USDJPY | ¥78.31 | +0.060 | 78.03 | 79.32 | 76.83 |
| GBPUSD | \$1.600 | -0.001 | 1.604 | 1.545 | 1.579 |
| AUDUSD | \$1.023 | +0.002 | 1.038 | 1.012 | 1.026 |

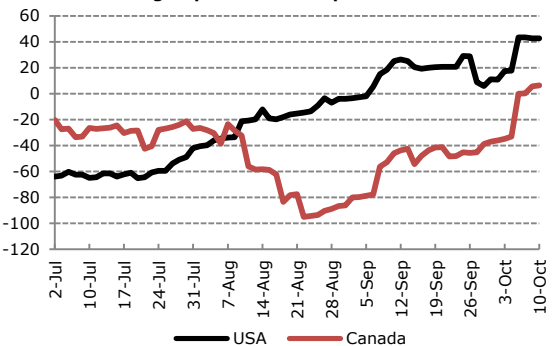
| Spot | 10-Oct | day Δ | Historical Levels | | |
|--------|---------|--------|-------------------|----------|---------|
| | | | -1 mnth | -3 mnths | -1 year |
| CADJPY | ¥80.07 | -0.020 | 80.13 | 77.48 | 75.61 |
| CADAUD | \$0.999 | -0.003 | 0.989 | 0.965 | 0.959 |
| GBPCAD | £1.565 | +0.000 | 1.562 | 1.582 | 1.604 |
| EURJPY | ¥100.73 | -0.410 | 99.85 | 96.68 | 106.11 |
| EURAUD | \$1.26 | -0.009 | 1.23 | 1.20 | 1.35 |

Economic Releases

United States

| Date | Event | Period | Survey | Actual | Prior |
|-------------|----------------------------|--------|--------|--------|-------|
| Wed, Oct 10 | MBA Mortgage Applications | 5-Oct | -- | -1.2% | 16.6% |
| Thu, Oct 11 | Continuing Claims | 29-Sep | 3275K | 3273K | 3281K |
| Thu, Oct 11 | Initial Jobless Claims | 6-Oct | 370K | 339K | 367K |
| Thu, Oct 11 | Trade Balance | 31-Aug | -44B | -44.2B | -42B |
| Fri, Oct 12 | Producer Price Index (MoM) | 30-Sep | 0.8% | -- | 1.7% |

Citigroup Economic Surprise Index

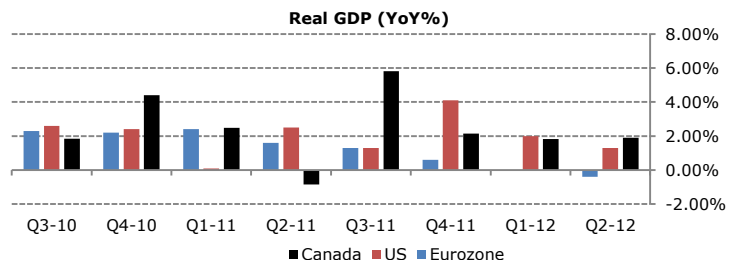


Canada

| Date | Event | Period | Survey | Actual | Prior |
|-------------|----------------|--------|--------|----------|----------|
| Tue, Oct 09 | Housing Starts | 30-Sep | 205K | 220.215K | 220.215K |

Economics

| | Q3-11 | Q4-11 | Q1-12 | Q2-12 | 2012E |
|---------------|-------|-------|-------|-------|-------|
| Canada | | | | | |
| Real GDP | 5.81% | 2.15% | 1.82% | 1.90% | 2.00% |
| CPI | 3.00% | 2.70% | 2.33% | 1.57% | 1.80% |
| Unemployment | 7.20% | 7.50% | 7.20% | 7.20% | 7.30% |
| US | | | | | |
| Real GDP | 1.30% | 4.10% | 2.00% | 1.30% | 2.20% |
| CPI | 3.77% | 3.30% | 2.83% | 1.90% | 2.00% |
| Unemployment | 9.00% | 8.50% | 8.20% | 8.20% | 8.20% |
| China | | | | | |
| Real GDP | 9.10% | 8.90% | 8.10% | 7.60% | 7.70% |



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